

The oil industry receives about \$4 billion in tax subsidies.



ETHANOL IS NOT SUBSIDIZED

OIL SUBSIDY	2017 subsidy total (millions USD)
Expensing of intangible drilling costs	\$1,629
Deduction of tertiary injectants	\$10
Exception to passive loss limitation for working interests in oil and natural gas	\$19
Percentage depletion for oil and natural gas cut	\$966
Domestic manufacturing deduction for fossil fuels, annual cost	\$1,049
Two year amortization period for geological and geophysical expenditures, annual cost	\$288
TOTAL:	\$3,961
ETHANOL SUBSIDY	
TOTAL:	\$0

Three main tax preferences for oil:



Intangible drilling costs

Account for roughly 70-85% of the cost of extracting natural resources and the value of IDCs can be expensed immediately to offset taxable income



Manufacturing deduction

Oil companies can reduce their taxable income by up to 6% of manufacturing deductions, limited to 50% of the firms' wages that it pays employees



Percentage depletion

Allows oil producers to automatically deduct 15% of revenue